GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:596
ANSWERED ON:26.02.2016
Financial Sector Legislative Reforms Commission Report
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has received the report of the Financial Sector Legislative Reforms Commission;
(b) if so, the main recommendation made therein; and
(c) the response of the Government and the action taken/proposed to be taken thereon?

Answer

(a) The report of the Financial Sector Legislative Reforms Commission (FSLRC) was submitted to the Government on 22.3.2013.

(b) FSLRC recommended a single, unified and internally consistent draft law 'Indian Financial Code'(IFC) to replace a large part of the existing Indian legal framework governing the financial sector. This is based on the tasks of financial law; regulatory governance, consumer protection, micro-prudential regulation, resolution mechanism, capital controls, systematic risk, financial inclusion and market development, monetary policy, contracts, trading and market abuse. In order to perform these tasks the Commission has recommended a seven agency architecture, namely, Reserve Bank of India, Unified Financial Agency, Financial Sector Appellate Tribunal, Resolution Corporation, Financial Redress Agency, Public Debt Management Agency and Financial Stability and Development Council.
(c) The report was placed in public domain on the website of the Ministry of Finance on 28.3.2013. The report has been examined in consultation with stakeholders and the draft IFC has been revised

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on the basis of comments received and placed in public domain on 23.7.2015. The following actions have been taken/conceived:-
i) The existing financial sector regulatory agencies are implementing the governance enhancing recommendations, that can be adopted without legislative changes, on a voluntary basis.
ii) A Monetary Policy Framework Agreement between the Government and the Reserve Bank of India was signed on 20.2.2015, providing for flexible inflation targeting.
iii) The Forward Markets Commission was merged with the Securities and Exchange Board of India (SEBI) with effect from 28th September, 2015 to achieve convergence of regulations of securities market and commodity derivatives market.
iv) Initiated the process for upgrading/enhancing capacity of the Securities Appellate Tribunal and setting up the Resolution Corporation, Public Debt Management Agency and Financial Data Management Centre.
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